SID Policy on Contract Management
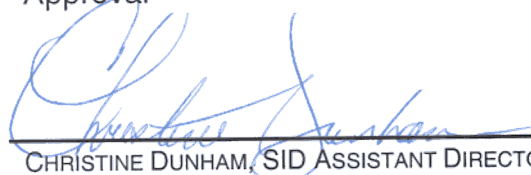
April 26, 2004

California Health and Human Services Agency Data Center

Revision History

REVISION	DATE OF RELEASE	PURPOSE
Initial Draft	April 26, 2004	Initial Release

Approval

CHRISTINE DUNHAM, SID ASSISTANT DIRECTOR

1 INTRODUCTION

1.1 Adoption of SID Policy

As part of its ongoing commitment to process improvement and quality within the division, the Systems Integration Division (SID) is adopting this SID Policy and Standard for Contract Management. This policy will help clarify and enhance its current practices, continue to align the organization with the Software Engineering Institute's Capability Maturity Model (SEI's CMM), and ensure compliance with the Department of Finance (DOF) Information Technology Oversight Framework (Budget Letter 03-04, dated 7 February 2003).

1.2 Applicability

[1.2.1][1] This policy shall apply to all SID projects[2] effective the date of this policy. Projects that are in the middle of an SID life cycle process[3] (at the effective date of this policy) are required to demonstrate due diligence in complying with this policy within 30 days, to the degree that it does not jeopardize their ability to satisfy prior project commitments.

[1.2.2] The SID Assistant Director shall consider special situations for non-compliance on a case-by-case basis.

[1.2.3] Projects requesting a waiver from the requirements in this policy shall comply with the Deviation/Waiver Process (iManage SIDdocs #2484).

[1.2.4] Projects that are in the Maintenance and Operations (M&O) life cycle phase shall, at a minimum, assess and report compliance with this policy on an annual basis.

[1.2.5] All other projects shall, at a minimum, assess and report compliance with this policy at the start of a new life cycle phase.

1.3 References

The following documents were used in the creation of this policy:

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[1] Brackets [] are used as a reference designator for explicitly stated policy requirements ("shall's"). The numbers in the brackets are included in the SID Compliance Toolbox (iManage SIDdocs #2093) using a policy reference designator (e.g. PM Policy-1.2.1) for ease of verification and traceability to applicable CMM and TOSU requirements.

[2] In this document, SID Projects refer only to projects of a statewide nature (e.g. CWS/CMS, CMIPS, EBT, ISAWS, SFIS, etc.) and not to software release projects that are part of a routine Maintenance & Operations life cycle, or internally created projects and initiatives.

[3] The SID Best Practices web site defines the typical life cycle for software acquisition projects in the organization. Definitions for each life cycle phase are available at www.bestpractices.cahwnet.gov/processes.htm.

- Information Technology Oversight Framework, Budget Letter 03-04, dated 7 February 2003, Department of Finance – Technology Oversight and Security Unit.

- Software Acquisition Capability Maturity Model (SA-CMM), Version 1.02, Key Process Areas 2.5 – Contract Tracking and Oversight, 2.6 – Evaluation, 3.3 – Contract Performance Management, April 1999, Software Engineering Institute.

- Project Management Body Of Knowledge (PMBOK), 2000, Project Management Institute (PMI).

- Institute of Electrical and Electronics Engineers (IEEE) Standard 1062-1998 (R2002) – Recommended Practice for Software Acquisition, IEEE.

- SID Policy on Project Management, iManage SIDdocs #2453, 23 February 2004, Systems Integration Division (SID).

- SID Policy on Quality Management, iManage SIDdocs #2514, TBD, SID.

- SID Policy on Procurement Management, iManage SIDdocs #2452, TBD, SID.

- Best Practices Web Site (BPweb), Systems Integration Division (SID), http://www.bestpractices.cahwnet.gov.

  - Glossary and Acronyms, BPweb, SID.

1.4　Compliance Verification

[1.4.1] The SID Best Practices Support Group (BPSG) shall assess compliance to this policy at least annually using the applicable categories of the SID Compliance Assessment Toolbox (iManage SIDdocs #2093). For more information on compliance assessments, refer to the BPSG Project Plan.

1.5　Relationship To Other Policies

This policy is subordinate to the SID Policy on Project Management, and references the SID Policy on Quality Management. This policy is closely related to the SID Policy on Procurement Management.

2　POLICY STATEMENT

It is the policy of SID to follow, adhere to, and implement proven project management best practices in compliance with the SEI CMM methodology, the DOF IT Project Oversight Framework, and the PMI PMBOK.

[2.0.1] Project Managers shall comply with the requirements, procedures and processes referenced in this policy document.

2.1   Required Documentation

[2.1.1] Projects shall document their specific approach to contract management in a Contract Management Plan in accordance with the SID Contract Management Plan Template and associated tailoring guidance on the BP website.

[2.1.2] Project shall update and maintain their Contract Management Plan until the system is retired or terminated.

[2.1.3] Projects shall produce and manage a minimum set of contract management supporting documentation with a defined hierarchical relationship in accordance with the SID Master Project Plan (MPP) Template (iManage SIDdocs #2513).

[2.1.4] Documentation related to contract management shall be tailored and revised (as appropriate) to accommodate the differences between SID acquisition life cycle phases as defined on the BP website.

[2.1.5] The status of contract management activities shall be documented and reviewed periodically (such as at key milestones and prior to a contract end) with the project management team, quality management team, and Project Manager.

[2.1.6] The status of all contracts shall be documented and reviewed at least quarterly by the project management team, quality management team, Project Manager and SID Assistant Director.

[2.1.7] Measurements showing the status of contracts and contract management activities shall be documented, tracked and analyzed for trends.

Refer to the SID Policy on Quality Management for the specific metrics.

2.2   Contract Management Roles & Responsibilities

[2.2.1] The Project Manager shall designate a specific individual as the Contract Manager for the project.

Where appropriate, the Project Manager may appoint multiple Contract Managers, such as one to manage contracts for the project office (non-prime) consultants and one to manage the prime contract.

[2.2.2] The Contract Manager shall be responsible for implementation of this policy and for all contract management activities, either directly or by overseeing the work of others, including the development and maintenance of the Contract Management Plan (based on the SID Contract Management Plan Template).

[2.2.3] Projects shall tailor their contract management program based on the project's position in the SID Acquisition Life Cycle in accordance with the SID Contract Management Plan Template and associated tailoring guidance

[2.2.4] The contract management function(s) identified in the model functional organizational chart shall be addressed in the Contract Management Plan.

For more information, see the model organizational chart and specific roles and responsibilities on the BP website. Depending on the size and life cycle phase of the project, multiple individuals may perform a role or a single individual may perform multiple roles.

[2.2.5] The Contract Manager shall periodically consult with the HHSDC Acquisition Services Program (ASP) staff for changes to contract management regulations and guidance.

2.3   Contract Management Training

[2.3.1] Contract management staff shall participate in initial and refresher SID Training for Contract Management.

2.4   Contract Management Tools

[2.4.1] At a minimum, the Contract Manager shall document key contract data and contractual requirements in a spreadsheet (e.g., MS Excel).

An automated tool for tracking contract data is strongly recommended, but at this time, SID has not adopted a standard contract tool for the division.

[2.4.2] Key contract data that shall be tracked includes

   a. Contract Start and End Dates

   b. Contract Amount and Expenditures

   c. Contractor Personnel

   d. Contract Deficiencies

   e. Contract Deliverables and Services, including

        1. Deliverable Due Date/Required Milestones

        2. Deliverable Submittal Date

        3. Acceptance or Rejection Date

        4. Rationale for Rejection, if applicable

   f. Potential and actual withholds or liquidated damages, if applicable

3   CONTRACT MANAGEMENT METHODOLOGY

The requirements for implementing SID's contract management methodology are based generally on IEEE standard 1062. The major elements of the contract management methodology are as follows.

- Contractor Orientation
- Contract Tracking and Oversight
  - Deliverable Management

- Invoice Management
- Performance Management
- Dispute Resolution
- Contract Change Control
- Contract Closeout

[3.0.1] The Contract Management Plan shall describe or reference the specific processes and procedures that will be used to manage and evaluate the delivered products and services.

3.1   Contractor Orientation

[3.1.1] The Contract Manager shall develop a Vendor Handbook to detail the specific administrative procedures the contractor is to follow, including invoicing, deliverable submission, status reporting and time reporting.

[3.1.2] The contractor shall be given a copy of the Vendor Handbook prior to the beginning of the contract period.

[3.1.3] The Contract Manager shall provide the contractor an orientation to the project including the background and current status of the project and the applicable project processes to be followed (such as meeting and conference room scheduling, document management, etc.).

3.2   Contract Tracking and Oversight

[3.2.0.1] The Contract Manager shall oversee the execution of the contract and shall monitor the contract requirements for compliance and completion.

[3.2.0.2] The contractor's project plan and the contract shall be used as the basis for overseeing their efforts.

The following elements comprise the major tracking and oversight processes.

3.2.1   Deliverable Management

[3.2.1.1] The Contract Manager shall track all planned and actual contractor deliverables and services, including their due dates and actual submission dates.

[3.2.1.2] Where appropriate, evaluations shall be performed on in-progress work.

For instance, Deliverable Expectation Documents (DEDs) and early draft reviews may be used to ensure appropriate level of detail and appropriate supporting materials are being developed.

[3.2.1.3] The Contract Manager shall facilitate the review and evaluation of all contractor deliverables and services to ensure the appropriate requirements have been met (as documented in the solicitation document.)

Actual review and evaluation of contractor deliverables and services may be conducted by the Functional Manager or by other project staff, who will recommend to the Project Manager whether the specific deliverable/service should be approved or rejected.

[3.2.1.4] Where appropriate, the sponsor and users of the product/service being acquired shall be included in the review of deliverable products and services.

[3.2.1.5] Evaluation of the deliverable shall be conducted using the criteria defined in the solicitation document.

[3.2.1.6] The decision to accept or reject a deliverable shall be made based on the results of the evaluation and compliance with the specified requirements.

3.2.2   Invoice Management

[3.2.2.1] The Contract Manager shall coordinate with the appropriate project Fiscal Analyst to ensure contractor invoices are only paid if the deliverable(s) and/service(s) for the invoiced period have been received and approved.

[3.2.2.2] The Fiscal Analyst shall track all expenditures and financial penalties associated with the contract.

[3.2.2.3] The Fiscal Analyst shall retain all supporting documentation associated with the invoices for historical and auditing purposes.

3.2.3   Performance Management

[3.2.3.1] The Project Manager shall periodically meet with the contractor to discuss performance and expectations to date on the contract.

[3.2.3.2] The Contract Manager shall track the actual cost and schedule values against the budgeted cost and schedule from the contractor's plan.

[3.2.3.3] If the actual values for cost or schedule vary from the budget by more than 10 percent, the Contract Manager shall discuss with the contractor the reason for the variance and if corrective actions are warranted.

[3.2.3.4] If the products or services are not approved or if contractor performance is not meeting expectations, the Project Manager shall discuss with the contractor the corrective actions required to address the issue.

[3.2.3.5] The Contract Manager shall monitor and track the results of contractor corrective actions and report monthly to the Project Manager if the actions are achieving the desired results.

3.2.4   Dispute Resolution

[3.2.4.1] In the event of a contractual dispute, the Contract Manager shall escalate the issue to the Project Manager and invoke the dispute resolution and escalation process described in the contract and/or the project's procedures which elaborate upon the contractual process.

3.3   Contract Change Control

[3.3.1] Changes to the contract (including but not limited to changes to the scope of work, contract dates, contract cost, or contract terms) require a contract amendment.

Depending on the changes, a new contract may need to be pursued.

[3.3.2] Amendments shall be made in writing and processed through the appropriate procedures dictated by the contract vehicle.

[3.3.3] Changes to contractor personnel shall be handled via the process described in the project's Contract Management Plan.

[3.3.4] Clarifications to tasks and work products already described in the solicitation document shall be documented in a Work Order, in accordance with the procedures included in the solicitation document.

3.4   Contract Closeout

[3.4.1] When a contract is complete or is terminated, the Contract Manager shall complete a Contractor Evaluation Form in accordance with DGS requirements, as indicated in the State Contract Manual.

[3.4.2] The Contract Manager shall audit the contract files to ensure all deliverables and services have been received and that all work has been approved prior to authorizing payment for the final invoice.